

SENATE MOTION

MR. PRESIDENT:

I move that Engrossed House Bill 1001(ss) be amended to read as follows:

- 1 Page 47, between lines 31 and 32, begin a new paragraph and insert:
- 2 "SECTION 30. IC 6-1.1-21.2 IS ADDED TO THE INDIANA
- 3 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
- 4 [EFFECTIVE JANUARY 1, 2003]:
- 5 **Chapter 21.2. Tax Increment Replacement**
- 6 **Sec. 1. (a) This chapter applies to an allocation area established**
- 7 **prior to January 1, 2003.**
- 8 **(b) This chapter does not apply to the portion of an allocation**
- 9 **area described under subsection (a) that is expanded after**
- 10 **December 31, 2002.**
- 11 **Sec. 2. Except as otherwise provided, the definitions in IC 36**
- 12 **apply throughout this chapter.**
- 13 **Sec. 3. As used in this chapter, "allocation area" refers to an**
- 14 **area that is established under the authority of any of the following**
- 15 **statutes and in which tax increment revenues are collected:**
- 16 **(1) IC 8-22-3.5.**
- 17 **(2) IC 36-7-14.**
- 18 **(3) IC 36-7-14.5.**
- 19 **(4) IC 36-7-15.1.**
- 20 **(5) IC 36-7-30.**
- 21 **Sec. 4. As used in this chapter, "base assessed value" means the**
- 22 **base assessed value as that term is defined or used in:**
- 23 **(1) IC 8-22-3.5-9(a);**
- 24 **(2) IC 36-7-14-39(a);**
- 25 **(3) IC 36-7-14-39.3(c);**
- 26 **(4) IC 36-7-14.5-12.5;**
- 27 **(5) IC 36-7-15.1-26(a);**
- 28 **(6) IC 36-7-15.1-26.2(c);**
- 29 **(7) IC 36-7-15.1-35(a);**

- (8) IC 36-7-15.1-53;
- (9) IC 36-7-15.1-55(c);
- (10) IC 36-7-30-25(a)(2); or
- (11) IC 36-7-30-26(c).

Sec. 5. As used in this chapter, "district" refers to:

- (1) an eligible entity, as defined in IC 8-22-3.5-2.5;
- (2) a redevelopment district, for an allocation area established under:
 - (A) IC 36-7-14; or
 - (B) IC 36-7-15.1; or
- (3) a special taxing district, as described in:
 - (A) IC 36-7-14.5-12.5(d); or
 - (B) IC 36-7-30-3(b).

Sec. 6. As used in this chapter, "governing body" means the following:

- (1) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).
- (2) For an allocation area created under IC 36-7-14, the redevelopment commission.
- (3) For an allocation area created under IC 36-7-14.5, the redevelopment authority.
- (4) For an allocation area created under IC 36-7-15.1, the metropolitan development commission.
- (5) For an allocation area created under IC 36-7-30, the military base reuse authority.

Sec. 7. As used in this chapter, "property taxes" means:

- (1) property taxes, as defined in:
 - (A) IC 36-7-14-39(a);
 - (B) IC 36-7-14-39.3(c);
 - (C) IC 36-7-15.1-26(a);
 - (D) IC 36-7-15.1-26.2(c);
 - (E) IC 36-15.1-53(a);
 - (F) IC 36-7-15.1-55(c);
 - (G) IC 36-7-30-25(a)(3); or
 - (H) IC 36-7-30-26(c); or
- (2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 8. As used in this chapter, "special fund" means:

- (1) the special funds referred to in IC 8-22-3.5-9(e);
- (2) the allocation fund referred to in IC 36-7-14-39(b)(2);
- (3) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- (4) the special fund referred to in IC 36-7-15.1-26(b)(2);
- (5) the special fund referred to in IC 36-7-15.1-53(b)(2); or
- (6) the allocation fund referred to in IC 36-7-30-25(b)(2).

Sec. 9. As used in this chapter, "tax increment replacement amount" means the tax increment replacement amount determined under section 11 of this chapter.

Sec. 10. As used in this chapter, "tax increment revenues"

means the property taxes attributable to the assessed value of property in excess of the base assessed value.

Sec. 11. (a) By July 15 of a year, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year.

(b) The tax increment replacement amount is the amount determined in STEP THREE of the following formula:

STEP ONE: The governing body shall estimate the amount of tax increment revenues it would receive in the next calendar year if the property tax replacement credits payable with respect to the general fund levies imposed by all school corporations with jurisdiction in the allocation area were determined under IC 6-1.1-21 as in effect on January 1, 2001. STEP TWO: The governing body shall estimate the amount of tax increment revenues it will receive in the next calendar year after implementation of the increase in the property tax credits payable under IC 6-1.1-21, as amended by the general assembly in 2002, with respect to general fund levies imposed by all school corporations with jurisdiction in the allocation area.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

Sec. 12. (a) A tax is imposed each year on all taxable property in the district in which the governing body exercises jurisdiction.

(b) Except as provided in subsections (c) and (d), the tax imposed under this section shall be automatically imposed at a rate sufficient to generate the tax increment replacement amount determined under section 11(b) of this chapter for that year.

(c) The legislative body of the unit that established the district may:

(1) reduce the amount of the tax to be levied under this section; or

(2) determine that no tax should be levied under this section.

(d) This subsection applies to a district in which the total assessed value of all allocation areas in the district is greater than ten percent (10%) of the total assessed value of the district. Except as provided in section 14(d) of this chapter, a tax levy imposed under this section may not exceed the lesser of:

(1) the tax increment replacement amount; or

(2) the amount that will result from the imposition of a rate for the tax levy that the department of local government finance estimates will cause the total tax rate in the district to be one hundred ten percent (110%) of the rate that would apply if the tax levy authorized by this chapter were not imposed for the year.

Sec. 13. (a) A district described in section 12(d) of this chapter may appeal to the department of local government finance for a

1 distribution from the property tax replacement fund if the district
 2 has imposed the maximum tax levy permissible under section 12(d)
 3 of this chapter.

4 (b) The maximum amount of distribution under this section may
 5 not exceed the amount determined by subtracting the amount of
 6 the tax levied under section 12(d) of this chapter from the tax
 7 increment replacement amount determined under section 11(b) of
 8 this chapter.

9 (c) An appeal under this section must be filed before September
 10 20 of a year.

11 Sec. 14. (a) The department of local government finance shall
 12 approve an appeal filed under section 13 of this chapter if the
 13 department determines that:

14 (1) the governing body's estimate of the tax replacement
 15 amount under section 11 of this chapter is reasonable;

16 (2) a tax levy in excess of the amount determined under
 17 section 12(d) of this chapter would:

18 (A) create a significant financial hardship on taxpayers
 19 residing in the district in which the governing body
 20 exercises jurisdiction;

21 (B) significantly reduce the benefits from the increase in
 22 the property tax credits payable under IC 6-1.1-21, as
 23 amended by the general assembly in 2002, with respect to
 24 general fund levies imposed by all school corporations with
 25 jurisdiction in the district; or

26 (C) have a disproportionate impact on small businesses or
 27 low income families or individuals; and

28 (3) the governing body has made reasonable efforts to limit its
 29 use of the special fund for the allocation area to
 30 appropriations for payments of:

31 (A) the principal and interest on loans or bonds;

32 (B) lease rentals on leases;

33 (C) amounts due on other contractual obligations; and

34 (D) additional credits described in IC 8-22-3.5-10(a),
 35 IC 36-7-14-39.5(c), IC 36-7-14.5-12.5(d)(5),
 36 IC 36-7-15.1-26.5(e), IC 36-7-15.1-35(d), or
 37 IC 36-7-30-25(b)(2)(E).

38 (b) The department shall make a final determination on an
 39 appeal filed under this section by November 1 of a year.

40 (c) If the department approves an appeal filed under this
 41 section, it shall order a distribution from the property tax
 42 replacement fund in the amount determined under section 13(b) of
 43 this chapter in the same manner as distributions are made under
 44 IC 6-1.1-21-4.

45 (d) If the department denies an appeal filed under section 13 of
 46 this chapter, or does not grant the maximum permissible
 47 distribution under section 13(b) of this chapter, the legislative body
 48 of the unit that established the district may increase the levy

1 imposed under this chapter to an amount that, when combined
2 with any distribution received under this chapter, does not exceed
3 the tax increment replacement amount.

4 Sec. 15. (a) A tax levied under this chapter shall be certified by
5 the department of local government finance to the auditor of the
6 county in which the district is located and shall be:

7 (1) estimated and entered upon the tax duplicates by the
8 county auditor; and

9 (2) collected and enforced by the county treasurer;
10 in the same manner as state and county taxes are estimated,
11 entered, collected, and enforced.

12 (b) As the tax is collected by the county treasurer, it shall be
13 transferred to the governing body and accumulated and kept in the
14 special fund for the allocation area.

15 (c) A tax levied under this chapter:

16 (1) is exempt from the levy limitations imposed under
17 IC 6-1.1-18.5; and

18 (2) is not subject to IC 6-1.1-20.

19 (d) A tax levied under this chapter and the use of revenues from
20 a tax levied under this chapter by a governing body do not create
21 a constitutional or statutory debt, pledge, or obligation of the
22 governing body, the district, or any unit."

23 (Reference is to EHB 1001(ss) as printed June 13, 2002.)

Senator KENLEY